

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 SAJ-01

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P 121631Z MAY 75

FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 672

INFO AMCONSUL ZURICH UNN

LIMITED OFFICIAL USE BERN 1958

E.O. 11652: N/A

TAGS: ETRD SZ

SUBJ: COUNTERVAILING DUTY INVESTIGATION ON CHEESE FROM SWITZERLAND

REF: A) STATE 107345; B) BERN 1291

1. EMBOFFS HAVE NOT DISCUSSED SUBSTANCE OF CHEESE COUNTER-VAILING CASE WITH SWISS OFFICIALS SINCE MARCH 21 CONVERSATION REPORTED REFTEL B. WE BELIEVE, HOWEVER, THAT THEY STILL VERY MUCH HOPE THAT PRELIMINARY TREASURY DETERMINATION WILL BE NEGATIVE AND THUS FINDING OF EXISTENCE OF BOUNTIES OR GRANTS WILL BE CERTAINLY A DISAPPOINTMENT AND POSSIBLY SOMETHING OF A SURPRISE.

2. AS TREASURY AND OTHER USG AGENCIES ARE AWARE, SWISS ATTACH CONSIDERABLE IMPORTANCE TO CHEESE FOR ECONOMIC, POLITICAL, AND SYMBOLIC REASONS. REITERATED RECOGNITION OF SPECIAL CIRCUMSTANCES OF SWISS CASE WILL UNDOUBTEDLY BE WELCOMED BUT SWISS WOULD OBVIOUSLY CLEARLY PREFER THAT THESE FACTORS BE USED TO PROVIDE BASIS FOR NEGATIVE PRE-LIMITED OFFICIAL USE

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LIMINARY FINDING RATHER THAN BE TAKEN INTO ACCOUNT ONLY

PRIOR TO OR AFTER FINAL DECISION.

3. TO BEST OF OUR KNOWLEDGE SWISS OFFICIALS ARE STILL CONVINCED THAT PAYMENTS MADE TO SWISS CHEESE UNION ARE NOT DESIGNED TO INCREASE EXPORTS AND CERTAINLY DO NOT HAVE THAT RESULT AT LEAST AS FAR AS AMERICAN MARKET IS CONCERNED. THEY ALSO CONTEND THAT EXPORT PRICE IS HIGHER THAN AVERAGE DOMESTIC SELLING PRICE. FOR THESE REASONS ANNOUNCEMENT OF POSITIVE DETERMINATION WILL IN SWISS EYES BE REGARDED AS MOST UNFORTUNATE, EVEN IF EVENTUALLY SUBJECT TO REVERSAL PRIOR TO FINAL DECISION OR IF CONDITIONAL DISCRETIONARY AUTHORITY IS EVENTUALLY UTILIZED.

4. IN ORDER SECURE BEST POSSIBLE GOS UNDERSTANDING OF TREASURY THINKING, EMBASSY STRONGLY HOPES THAT SWISS CAN BE INFORMED OFFICIALLY AS SOON AS POSSIBLE OF PROBABLE TREASURY PRELIMINARY DETERMINATION AND IN ANY EVENT AS FAR AS POSSIBLE IN ADVANCE OF ANY PUBLIC ANNOUNCEMENT. WE RECOGNIZE THAT JULY 4 IMPOSES TIGHT DEADLINE BUT WE WOULD HOPE THAT TIME REMAINING COULD BE USED FOR IN-FORMAL CONSULTATIONS ON POSSIBLE SOLUTIONS RATHER THAN WAITING TO CONSULT (OR NEGOTIATE) ONLY AFTER PRELIMINARY DETERMINATION PUBLISHED AS APPARENTLY IS PROCEDURE BEING FOLLOWED IN AUSTRIAN CASE . (STATE 106792)

5. WHILE SWISS FULLY AWARE MANDATORY NATURE COUNTER-VAILING DUTY LAW AND ARE PROBABLY CONVINCED THAT BEEF QUOTA AND OTHER ISSUES ARE IRRELEVANT TO TREASURY DECISION, WE WOULD EXPECT THAT THERE WILL BE NO CHANCE OF RENEWING BEEF QUOTA BEYOND JULY 1 IF PRELIMINARY DETERMINATION POSITIVE. (BERN 1291 AND PREVIOUS). SITUATION FOR BEEF MIGHT IMPROVE IF FINAL DECISION WAS NEGATIVE OR DISCRETION UTILIZED BUT SO LONG AS COUNTER-VAILING DUTIES COULD BE APPLIED AT ANY TIME WE DOUBT THAT SPECIAL QUOTA FOR US BEEF WOULD BE RENEWED. AS WE HAVE NOTED BEFORE, THERE IS ALSO RISK OF CAUSING PROBLEMS IN OTHER UNRELATED AREAS ALTHOUGH WE THINK SWISS OFFICIALS WILL NOT SEEK TO DRAW ANY MORE LINKAGES THAN THEY CONSIDER NECESSARY GIVEN STRONG SWISS FEELING RE LIMITED OFFICIAL USE

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CHEESE ISSUE.
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Message Attributes

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